IN THE SUPREME COURT OF THE STATE OF DELAWARE

CHRISTIAN M. CECCOLA,	)	
	)	No. 3, 2012
Plaintiff Below,	)	
Appellant,	)	Court Below: Superior Court
	)	of the State of Delaware in
v.	)	and for New Castle County
	)	
STATE FARM MUTUAL	)	C.A. No. NO9C-12-026
AUTOMOBILE INSURANCE	)	
COMPANY,	)	
	)	
Defendant Below,	)	
Appellee.	)	

Submitted: April 25, 2012
Decided: July 25, 2012
Corrected: July 26, 2012

Before **STEELE**, Chief Justice, **BERGER** and **RIDGELY**, Justices.

O R D E R

This 25th day of July 2012, it appears to the Court that:

(1) After an attorney filed a settlement offer under Rule 68, the other attorney accepted the settlement offer. Before either attorney filed the offer and acceptance with the Superior Court, the accepting attorney realized he had made a mistake, and revoked his acceptance. The attorney who had extended the offer responded to his revocation by filing the written acceptance, thereby securing a final judgment in the form of the settlement order by means of Super. Ct. Civ. R. 68's instruction to the Prothonotary. The attorney never so much as mentioned

that the written acceptance had been revoked before it was filed. We reverse the Superior Court judge's order denying the Motion to Vacate the Judgment, and remand the case for further proceedings.

(2) Christian Ceccola filed a claim for benefits from his automobile insurance provider, State Farm. State Farm responded to Ceccola's claim with a letter, accompanied by a $5,000 check, stating that the check represented the least amount of money Ceccola could receive, but would also be considered a pre-payment that would reduce State Farm's total obligation under any future determination of damages. Unable to reach an agreement with State Farm, Ceccola filed suit. Ceccola's attorney, Roger Landon, attempted to negotiate a settlement with State Farm's attorney, Susan Hauske. After informal negotiations failed, the parties used a mediator to attempt to reach an agreement. The mediation failed. Before the case went to trial, State Farm made a written offer and filed it with the court, under Super. Ct. Civ. R. 68. Landon accepted the offer.

(3) The offer and acceptance were both written documents.[1] Had State Farm filed the offer and acceptance immediately after receiving it, then this case would be much different because Super. Ct. Civ. R. 68 would then have required

[1] Op. Br. App. at A020-21.

the Prothonotary to enter judgment back in November.[2] Landon told Hauske, on November 16, 2011, that he "will alert the court that the matter has been resolved."[3] He did so, the next day, but instead of filing the offer and acceptance with the court, as Rule 68 requires, Landon sent only a letter representing that the parties had settled the case.[4] The Prothonotary plainly understood the distinction, because the Prothonotary later prompted the attorneys to file a stipulation of dismissal, an action that she would not have taken had the parties satisfied Rule 68.[5]

(4) Landon did not fail to take an action that he promised Hauske he would take. His letter did inform the Superior Court that the attorneys considered the matter resolved. Landon never promised to complete the Rule 68 process.

(5) Before either party complied with Rule 68 by filing the offer and acceptance, State Farm sent a letter and a check for $15,001, reflecting State Farm's understanding of what it must pay to satisfy a $20,001 judgment after accounting for a previous $5,000 payment.

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[2] Super. Ct. Civ. R. 68 (instructing the Prothonotary that "either party may then file the offer and notice of acceptance together with proof of service thereof and thereupon the Prothonotary shall enter judgment.").

[3] Op. Br. App. at A021.

[4] D.I. 22.

[5] *See* Op. Br. App. at A004, D.I. 23 ("CONFIRMATION OF DISMISSAL LETTER SENT TO COUNSEL ON 11-22-2011: PLEASE FILE A STIPULATION OF DISMISSAL OR A LETTER STATING THE STATUS OF THIS MATTER WITHIN 30 DAYS OF THE DATE OF THIS LETTER OR THE COURT WILL DISMISS THIS ACTION WITH PREJUDICE.");

(6) After Landon received the letter containing the check, he took actions that revoked Ceccola's acceptance of the settlement agreement. On December 6, 2011, Landon sent an email to Hauske that reiterated points he made to her over the phone.[6] In the email, Landon stated that "The $5,000 advance . . . does not reduce the $20,001 settlement amount," and explained that the $20,001 offer was, to Landon's mind, the last in a series of counteroffers that all began with an offer that specified it was for 'new money' – that is, money in addition to the earlier $5,000 payment.

(7) Within an hour, Hauske replied that she was going to file the acceptance along with a motion to enforce the acceptance of the offer of judgment.[7] Hauske filed those papers, that same day, without even mentioning that Landon had changed his position on the offer.[8] In accordance with Super. Ct. Civ. R. 68, the Prothonotary then entered a judgment.

(8) Landon filed a motion to vacate the judgment and enforce his understanding of the settlement agreement. Landon described the way in which he discovered the attorneys disagreed about the amount of money Ceccola would

[6] Op. Br. App. at A031-32 ("Confirming our phone conversation today . . . .").

[7] Op. Br. App. at A030-31.

[8] The docket, Op. Br. App. at A004, shows Hauske filed the Acceptance of Offer of Judgment, along with two exhibits and a certificate of service. *See also* Op. Br. App. at A023-28 (containing the acceptance and both exhibits).

receive under the agreement, and submitted to the Superior Court the email correspondence that proved Hauske filed the offer and acceptance after she knew Landon interpreted the settlement agreement differently than she did.[9]

(9) The Superior Court judge held a hearing to resolve the dispute, on December 22, 2011.[10] Landon, focusing on the fact that for some time no attorney filed the offer and acceptance together, said, "Before it gets filed with the court and becomes a judgment, it's simply a settlement. . . . nothing has been filed with the court at that point." The Superior Court judge focused narrowly on whether the $5,000 should count as a credit: "THE COURT: The only question is whether or not the 5,000 can be deemed a credit against the 20,000."[11] The Superior Court judge did not directly address the problem created by Hauske's decision to file the written acceptance after Landon had revoked it. Instead, he held that, as a matter of law, the letter that accompanied State Farm's initial $5,000 payment qualified the later settlement offer.

(10) On appeal, Landon asks this Court to consider the effect of his revocation on Hauske's ability to file the acceptance. "Filing the offer and acceptance under these circumstances was not appropriate and State Farm should

[9] Exhibit A to Plaintiff's Motion to Enforce Settlement, Op. Br. App. at A030-32.

[10] *See* Op. Br. App. at A007-14.

[11] Op. Br. App. at A011.

be precluded from arguing that there was a judgment for basic reasons of equity."[12] We consider this issue *de novo*, because the Superior Court judge did not address it.

(11) When the court participates in the contractual process to a greater degree than usual, its participation means that the process must be conducted with a higher degree of scrupulousness than usual. In *Burge v. Fidelity Bond and Mortg. Co.*, this Court affirmed the Superior Court's decision to set aside a sheriff's sale based upon a unilateral mistake, even though the Court explicitly found that the unilateral mistake underlying the sale – resulting from attorney negligence – would not have met the requirements to grant rescission had the Court not been involved in the contractual process.[13]

> We view that [sic] the power of the Superior Court to confirm or set aside a sheriff's sale as significantly different from its authority to alter the existing terms of a contract between private parties. Judicial review of a contested sheriff's sale implicates the court's inherent equitable power to control the execution process and functions to protect the affected parties from injury or injustice. Thus, a court has far greater latitude to examine the fairness of its inherent processes than it does to review a contract transacted by independent parties. Because the contractual undertaking is under the aegis of the court, mistake of fact may be grounds to set aside a sheriff's sale even though the mistake would be insufficient for rescission of a contract.[14]

[12] Am. Op. Br. at 8.

[13] 648 A.2d 414 (Del. 1994).

[14] *Id*. at 420 (citations omitted).

(12) This case presents a written offer and written acceptance, but the accepting party realized a mistake and revoked its acceptance, both in conversation and via email. The offeror's counsel responded by filing the earlier written acceptance to the Superior Court. Through this filing, Hauske took advantage of the Prothonotary's fidelity to her duties as prescribed by Rule 68 to turn a possibly extinguished contract into a final judgment. Rule 68, of course, instructs the Prothonotary to enter a judgment after an attorney files the offer and acceptance. Even assuming the mistake would not suffice to grant rescission of a typical private contract, this Court will not countenance the manipulation of court processes.

(13) On appeal, the parties focused on how to interpret the settlement agreement. We do not reach the question of how to interpret the two documents. Instead, as a consequence of Hauske's attempt to enforce the agreement without disclosing her disagreement with Landon concerning its meaning, we order the parties placed in the same position they occupied before Landon accepted the offer. On remand, the case will proceed as if no events had occurred since State Farm made its offer.

NOW, THEREFORE, IT IS ORDERED that the judgment of the Superior Court is REVERSED and REMANDED for further proceedings consistent with this Order.

BY THE COURT:

/s/ Myron T. Steele
Chief Justice